REMARKS

Claims 24-45 were examined. Claims 1-23 have been previously canceled. Claim 40 is currently being cancelled. The claims have been amended. No new matter is entered by these amendments.

Claims 24-45 were rejected as obvious over BROWN 5,875,435 in view of HARRIS 5,517,406.

Applicant appreciates the detailed Official Action including the response to Arguments section.

However, applicant respectfully disagrees for the reasons that follow. Reconsideration and allowance of the claims are therefore respectfully requested.

The present invention and the prior art must be considered in light of the reality of conventional accounting software available in the market and software known in the prior art.

The accounting software available in the market requires accounts to be appropriately configured before they can be used. The configuration processes are complex and require knowledge in accountancy and taxation law.

If inappropriately configured accounts are used for recording transactions, accounting and taxation errors would be costly to correct.

The present invention's solution is to provide an accounting system which allows users to obtain client modules which are pre-configured and ready to use when they are installed on the user computers. The present claims reflect this.

The system as taught in Brown uses off-the shelf accounting software to process data inputs (see column 3 lines 26 to 40). The off-the-shelf accounting software must be configured appropriately by the user before it can be used to record transactions.

Neither Brown nor Harris et al. teaches an administration module which identifies the entity type category and the business type category of a user during configuration of a new client module.

Identification of these categories allows the administration module to extract appropriate account items for the user type and to use prompt messages for the user to nominate preferred options for the account items with options. Accordingly, the present invention's accounting system requires minimal manual configuration inputs from users. Following configuration, an appropriately configured client module is generated for download by the user requesting the module and then installing the downloaded module on a user computer. The installed system is ready for recording transactions.

Brown and Harris et al. also do not teach an administration module having a supplier's database containing

client modules nominated as suppliers of certain product types and arranged for any client module to access the suppliers database for selecting a supplier of a product type and being arranged to present, upon selection of a supplier client module, a list of products of the selected supplier client module, and a coordination unit arranged for coordinating transaction activities between a purchasing client module and a supplier client.

For these reasons alone, claim 24 is non-obvious.

The attached Affidavit discusses the present invention in the context of the prior art.

As noted in the Affidavit, before the installed business accounting software can be used for capturing business financial transaction records and other accounting records of a business user, the software must be configured so that the captured records would comply with standard accounting practices and the taxation laws of the country where the business activities are carried out.

In the invention, a new client chart of account for each new client module is automatically generated by the administration module based on the entity type and the trading type of the new client, and the information about the new accounts. The configuration data are typically stored in a file and the accounting software must locate the configuration file and use the configuration data therein for initialization

purposes when it is first opened. The accounting software will then operate in accordance with the settings in the configuration data. Specialized accounting and taxation knowledge and experience are required to configure the installed accounting software so that it will operate in compliance with accounting practices and taxation laws.

Taxation laws and generally accepted accounting principles are complex and not very well understood by the untrained and inexperienced. Successful processing therefore needs smart people or smart technology.

In prior-art accounting software, many unskilled business users are processing their financial transactions. But, they are unknowingly creating many errors. For example, insurance costs have a combination of taxed and non taxed elements which are often processed erroneously. Off-the-shelf accounting software requires the user to configure it to set up the chart of accounts and set the codes for allocating the consumption tax and where applicable, other appropriate taxes. Those users who have little understanding of taxation laws and generally accepted accounting principles make many errors during this process.

The consumption tax codes available within traditional systems are taxed or not taxed only and the codes apply to the whole of the transaction. This creates errors if the transaction has multiple taxation applications and if the compliant features of the transaction are not satisfied.

Some examples of such non-compliant features are:

• documentation is not compliant;

• compliant support documents are not available but compliance thresholds are satisfied; and

• client business activity invokes optional or different taxation rates or application.

The errors that occur are due in the main to a lack of specialist knowledge.

Thus, there is a long-felt need to provide a solution different from the prior art.

As stated in the Affidavit, in early 2000s, the inventor began to search for a solution for a computerized business accounting system which would reduce the need for specialist processing labor by building knowledge into the software and by changing the system methodology.

A conventional computerized accounting system is a single module requiring all input and reporting activities within that module.

In contrast, the invention has split the process into three independent but connected modules based on expertise - the administration module, the client module(s) and the advisor module(s).

This distribution of the overall process into three independent but connected modules is neither taught nor suggested by the applied art.

The administration module is expert in the software and it sets the descriptions and codes utilized to activate algorithms during processing, as well as maintaining unique identification for each of the client modules. The client module(s) is expert in the client business and processes the business activities. The advisor module(s) is expert in taxation laws and accounting practices and it oversees the client modules which it serves and use the data provided by the client modules for subsequent processing, and prepares expert reports.

In the claimed invention, knowledge is built into the business accounting software for each individual client module at the administration module. Each client module is configured at the administration module before installation on a client computer. The client modules are maintained with requests from the advisor module to the administration module which actions the requests and forwards the changes to the relevant client modules which routinely send data to the advisor module.

Thus, in contrast to the prior art, the present invention requires little or no understanding of accounting practices for processing at each client module as it uses descriptions the user can readily identify and through activation of specific questionnaires pertinent to the transaction. The system reacts to the answers for the specific questionnaires by processing algorithms to establish conditions of compliance under tax laws and allocating the transaction accordingly. Transaction

data gathered and stored at the client module are transferred to the associated advisor module for expert reporting action.

In the invention, to maximize processing efficiency, there is provided features which would substantially reduce manual input of data. These involve a means for communicating common data between client modules to allow automatic input of that data.

To enable communication of data between client modules, each client module is set up as a supplier or a customer or both a supplier and a customer. Suppliers are allocated a supplier customer ID and the supplier client module ID; and each product is allocated a supplier ID and supplier product ID; and each customer is allocated a customer client module ID.

The present invention creates a purchase order for a product ordered through a customer client module. The purchase order incorporates the supplier client ID and supplier client product ID and the customer client ID and the customer client product ID. The order is then transferred to a messaging system associated with the administration module and from there to the supplier client module where it is loaded into the supplier's software as a sales order. The sales order is processed generating a delivery docket and/or invoice which is transferred to a messaging system associated with the administration module and from there to the customer client module and downloaded into the customer's client module. After delivery of the goods the

count of product received is entered and an automatic comparison between purchase order and product received and invoiced product is activated generating, when necessary, discrepancy reports and credit note requests. The supplier invoice holds all the information regarding the consumption tax implications of the supplier product and the client module holds all the information regarding the taxation and accounting applications for the client product and the software will activate algorithms to allocate data automatically.

When payment is raised in settlement of an invoice the customer client module generates a remittance detailing the documents (invoices, credit notes, etc) to which the payment has been applied. The remittance is transferred to the messaging system associated with the administration module and from there to the supplier client module where it is loaded into the supplier's client module as a remittance advice and automatically allocated to the listed documents.

Messages between client modules are communicated through the messaging system associated with the administration module. The message contains ID's pertaining to both customer client module and supplier client module and therefore the transaction can be processed at the supplier client module (using supplier client module ID's) or the customer client module (using customer client module ID's).

Further evidence of the present invention being non-obvious is that the invention does not follow industry trends. The invention is very different to Brown which is a means for transferring processed data from one entity to another to be input into an existing computerized accounting system and which relies, among other things, on common standardized. Additionally, contemporary practices within the accounting software industry point to a trend towards changes to the delivery of the software, in particular the provision of online software-as-a-service, not towards changes in processing methodology.

The unique areas of difference between the present invention's accounting system and other computerized accounting systems include:

• The separation of the accounting process into three independent but connected areas of expertise - the admin module, the client modules and the advisor modules. The admin module is expert in the software and sets the descriptions and codes utilized to activate algorithms during processing, as well as maintaining unique identification for each of the client modules. The client modules are expert in the client business and process the business activities. The advisor modules are expert in taxation laws and accounting, and they oversee the client modules and prepare expert reports. The present invention's system avoids

the need for a specialist knowledgeable person to configure the accounting software and to process transactions.)

• The use of questionnaires (within the client module transaction entry) to activate algorithms, depending on the response to the question, for the purpose of determining firstly, the consumption tax compliance status of the transaction and secondly, the separation of the transaction entry amount into the appropriate allocations to satisfy legal compliance and accounting principles. Before applying tax liability options it is necessary to establish the compliance status of the transaction. Other computerized accounting software ignores the requirements of legal compliance and therefore, in itself, cannot fully satisfy accounting principles or accurate consumption tax reporting.

• The business to business process provides the ability to communicate data between customers and suppliers and automate the input of that data without requiring the use of common standardized.

In the invention, system messages regarding purchase orders between a client supplier module and a client customer module are communicated through a messaging system associated with the administration module. The messages contains ID's pertaining to both customer client module and supplier client module and therefore the transactions can be processed at the

supplier client unit (using supplier client unit ID's) or the customer client unit (using customer client unit ID's).

Brown fairly teaches an automated accounting system. In principle, Brown's invention is a system for conveying a processed transaction to an entity where it can be transferred into the entity's accounting system without further processing. Data transfer may require additional common language software.

The core of Brown's invention is the use of common standardized codes and multiple subsidiary ledgers. Neither of them is used in the claimed system.

The system taught in the Brown patent is not an accounting system per se. It is a means for conveying processed accounting data to be later transferred into the clients accounting system. The received data are processed by using off-the shelf accounting software as described in column 3 lines 27 to 40 in Brown. This software must be configured manually to set up a chart of accounts for a new user. The Brown system is an adjunct to a conventional accounting system.

In contrast, the claimed system is a full accounting system incorporating document transfers between trading partners to be loaded directly into the accounting system.

Brown does not seek to validate tax compliance.

By contrast, the claimed invention is a new accounting system with features providing an increased processing efficiency by enabling non specialists to correctly process transactions,

and to avoid double input handling when a document (e.g. purchase order, invoice, remittance advice) is transferred between trading partners as a source document for processing into the accounting system.

Harris et al. fairly teaches a method and apparatus for data verification and position reporting in an automated trade transaction processing system. The 'trade transaction' referred to by Harris is an acquisition or redemption of a mutual fund share or similar investment security. The apparatus and methodology are designed to rapidly produce reports in relation to the trading transactions in a day to be available before trading commences the next day.

The Harris et al. apparatus and method are limited to a single category of transactions (investment security) which in itself is not recognized as a commercial activity. As such, the processing and reporting is not generally accepted as an accounting system.

Harris deals only with the buying and selling of securities in a closed (securities) market, the reporting of quantity movements and valuations based on current share values. It does not consider the normal factors of allocation within a generally accepted accounting system.

Data verification for Harris et al. is based on fixed parameters which allow / disallow preferential tax treatment for pension fund members. In the present inventin's system,

compliance validation caters for fixed and variable rules dependant on both the transaction and the client status and a mixture of rules within a single transaction, e.g. insurance expense contains elements that have different consumption tax obligations.

Harris et al. does not deal with a client processing data or document transfers between clients. The apparatus and method of Harris at al. report solely on investments and cannot produce generally accepted business financial reports.

By contrast, the present invention is a new generally accepted accounting system designed to increase processing efficiency by enabling non specialists to correctly process transactions and to avoid double input handling when a document (e.g. purchase order, invoice, remittance advice) is transferred between trading partners as a source document for processing into the accounting system.

The fundamental differences between the reality of the prior art, Brown and Harris et al. in particular, and the present invention demonstrate that the claimed invention is indeed non-obvious.

Therefore, the system as claimed in amended claim 24 is non-obvious over BROWN in view of HARRIS.

The dependent claims are also patentable at least for being dependent on amended claim 24.

Applicant respectfully requests that the Examiner withdraw the rejection and allow the claims.

This amendment is believed to be fully responsive and to put the case in condition for allowance. Entry of the amendment and an early and favorable action on the merits is earnestly requested.

The Commissioner is hereby authorized in this, concurrent, and future replies, to charge payment or credit any overpayment to Deposit Account No. 25-0120 for any additional fees required under 37 C.F.R. § 1.16 or under 37 C.F.R. § 1.17.

Respectfully submitted,

YOUNG & THOMPSON

/Roland E. Long, Jr./

Roland E. Long, Jr., Reg. No. 41,949
209 Madison Street
Suite 500
Alexandria, VA 22314
Telephone (703) 521-2297
Telefax (703) 685-0573
(703) 979-4709

REL/lrs

APPENDIX:

The Appendix includes the following item(s):

- Affidavit of Peter Noel Murray